Loans upto Rs. 10 lakhs (term loan as well as working capital) extended by the banks to the manufacturing units including IT and software Industries, to new, as well as, existing manufacturing SSI Units will be covered by the CGFSI.

There will be a locking period of 24 months from the date of disbursement of the loan to the borrower prior to lender prefering any claim on the fund.

Conference on Tax Reforms

*35. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether a conference of State Chief Ministers and Finance Ministers was held in Delhi during the third week of June. 2000 on "Domestic trade tax reforms and value added tax (VAT)";

(b) if so, the major decisions taken in conference;

(c) whether it is also a fact that all the state Governments were asked to implement national uniform floor rates of sales tax by the 10th July, 2000, positively;

(d) if so, the names of the Stales which have since complied with this decision; and

(e) the action proposed to be taken against errant States, if any?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) Yes, Sir.

(b) The following major decisions were taken in the Conference.

(i) It was deckled that there should be 100% compliance by all the states and Union Territories on implementation of Uniform Floor Rates.

(ii) The existing floor rates in respect of all the listed commodities including automobiles and IT items should not be altered.

(iii) There has to be 100% compliance with respect to sales tax related incentives, except for North-Eastern and Special Category States.

(iv) If there is non-compliance with respect to floor rates and sales tax related incentive schemes, withholding of 25% of central plan assistance for the concerned States and Union Territories will be immediately effective.

(v) States which can implement VAT by 1.4.2001 may go ahead. For others, Standing Committee of Finance Ministers will prepare milestones and road map. The manner in which possible loss of revenue to all the States on account of abolition of CST and introduction of VAT will be compensated, can be discussed in the Standing Committee Meeting and decided after studying all the relevant issues. Any loss of revenue consequent to the reduction in rate of CST will be fully compensated by the Centre.

(c) It was decided that there should be 100% compliance by all the States and Union Territories on implementation of Uniform floor Rates and this should be reported in the meeting of the Standing Committee to be held soon.

(d) All the States have complied with the decision to have a uniform floor rates of sales tax.

(e) Does not arise.

Decline in the value of Rupee

† *36. SHRI RAJIV RANJAN
SINGH: SHRI KAPIL SIBAL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the value of rupee against American dollar has been declining continuously in the country during the last few years;

(b) if so, the value of rupee against American dollar at the end of March, 1998;

(c) what was the value of rupee against American dollar at the end of June, 2000; and

(d) what are the details of the steps taken to prevent the decline in the value of rupee during the above period?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) The exchange rate of the rupee *vis-a-vis* the, US dollar in India is largely determined by market forces, and moves in both directions on a day-to-day basis depending upon the demand and supply conditions in the foreign exchange market, short-term factors and imbalances. Movement of the rupee against the dollar also reflects to some extent the movement of the dollar against other

† Original notice of the question was received in Hindi.